



USAID
FROM THE AMERICAN PEOPLE

ANNUAL REPORT

Covering the period October 1, 2020 through September 30, 2021

Fiscal Accountability and Sustainable Trade (FAST)



Training on Public Procurement Cycle – Issyk-Kul, Kyrgyzstan

Photo by FAST

October 2021

This publication was produced for review by the United States Agency for International Development. It was prepared by DevTech Systems, Inc. under the Fiscal Accountability and Sustainable Trade Task Order, 7200AA18D00010/7200AA19F00015.

ANNUAL REPORT

Covering the period October 1, 2020 through September 30, 2021

Fiscal Accountability and Sustainable Trade (FAST)

| | |
|--------------------------|--|
| Program title: | Fiscal Accountability and Sustainable Trade |
| Sponsoring USAID office: | The Bureau for Development, Democracy, and Innovation (DDI) and The Center for Economics and Market Development (EMD) |
| COR: | Theresa Stattel |
| ACOR: | Anton Kamenov |
| Chief of Party: | Mark Gallagher |
| Deputy Chief of Party: | Welmar Rosado |
| Contract No. | 7200AA18D00010 Task No. 7200AA19F00015 |
| Contractor: | DevTech Systems, Inc. |
| Date of submission: | October 25, 2021 |
| Date of approval: | December 2, 2021 |

DISCLAIMER

This document is made possible by the support of the American people through the United States Agency for International Development (USAID). Its contents are the sole responsibility of the author(s) and do not necessarily reflect the views of USAID or the United States government.

CONTENTS

| | |
|--|-----------|
| TABLE OF TABLES..... | IV |
| TABLE OF FIGURES..... | IV |
| ACRONYMS..... | VI |
| EXECUTIVE SUMMARY | IX |
| I. INTRODUCTION | I |
| Management and reporting..... | I |
| II. WORKSTREAM 1: TECHNICAL LEADERSHIP, INCLUDING STRENGTHENED UNDERSTANDING OF LEADING PRACTICES AND TOOLS | 3 |
| Macroeconomic Resilience Dashboard..... | 3 |
| FSR Tracker..... | 5 |
| Economic growth training..... | 5 |
| DRG Conference: Money Matters Panel | 6 |
| Weathering The Storm Webinar | 7 |
| Tax Policy Reform Primer..... | 7 |
| Public debt primer | 8 |
| Fiscal Reform in Fragile States | 9 |
| Programmatic Analysis of Civil Service Reform Approaches | 10 |
| III. WORKSTREAM 2: USAID OPERATING UNIT AND PARTNER COUNTRY SUPPORT | 11 |
| Public Financial Management for Payment for Ecosystems Services | 11 |
| DRM and budget formulation in Sudan | 12 |
| Procurement reform in Kyrgyzstan | 13 |
| Bangladesh Tax Modernization Assessment | 15 |
| Kenya trade capacity building assessment | 17 |
| IV. PROGRESS AGAINST PLANNED TARGETS | 19 |
| APPENDIX 1- MEL REPORTING | 21 |
| APPENDIX 2 – STATUS OF ALL FAST DELIVERABLES..... | 24 |

Table of Tables

| | |
|--|----|
| TABLE 1: DELIVERABLES SCHEDULE AND STATUS..... | 2 |
| TABLE 2: TECHNICAL LEADERSHIP RESULTS..... | 3 |
| TABLE 3: SUDAN - DRM AND BUDGETING TASK RECOMMENDATIONS..... | 13 |
| TABLE 4: BANGLADESH - RECOMMENDATIONS..... | 16 |

Table of Figures

| | |
|---|----|
| FIGURE 1 MACROECONOMIC RESILIENCE IN 2020 | 4 |
| FIGURE 2 COMPARISON OF RESILIENCE 2019 VS 2020 | 5 |
| FIGURE 3 COP GALLAGHER DURING THE DRG CONFERENCE | 6 |
| FIGURE 4 COVER SLIDE OF THE FAST PRESENTATION..... | 7 |
| FIGURE 5 COVER OF THE TAX POLICY PRIMER..... | 8 |
| FIGURE 6 GROUP WORK DURING ISSYK-KUL TRAINING, SEPTEMBER 2021 | 15 |
| FIGURE 7 PRESENTATION OF BANGLADESH STUDY | 16 |
| FIGURE 8 COVER OF KENYA FTA STUDY | 17 |

Acronyms

| | |
|--------|--|
| ACOR | Alternate Contracting Officer Representative |
| ADB | Asian Development Bank |
| AM | Activity Manager |
| AMEL | Activity Monitoring Learning and Evaluation |
| BITBEE | Bangladesh Improving Trade and Business Enabling Environment |
| CLTG | Civilian Led Transitional Government |
| COP | Chief of Party |
| COR | Contracting Officer Representative |
| CSOs | Civil Society Organizations |
| DCOP | Deputy Chief of Party |
| DDI | The Bureau for Development, Democracy, and Innovation |
| DPP | Department of Public Procurement |
| DR | Dominican Republic |
| DRG | Democracy, Human Rights and Governance |
| DRM | Domestic Resource Mobilization |
| DTI | Debt Transparency Index |
| DVS | Kenya Directorate of Veterinary Services |
| EC | European Commission |
| EG | Economic Growth |
| EMD | The Center for Economics and Market Development |

| | |
|---------|---|
| FAST | Fiscal Accountability and Sustainable Trade |
| FCDO | Foreign, Commonwealth & Development Office |
| FSR | Financing Self-Reliance |
| FTA | Free Trade Agreement |
| FY | Fiscal Year |
| GOK | Government of Kenya |
| IBP | International Budget Partnership |
| IFC | International Finance Corporation |
| IMF | International Monetary Fund |
| KEPHIS | Kenya Plant Health Inspectorate |
| KNT | Kenya Negotiation Team |
| MAPS | Methodology for Assessing Public Procurement System |
| MEL | Monitoring Learning and Evaluation |
| MOF | Ministry of Finance |
| NBR | National Bureau of Revenue |
| OTI | Office of Transition Initiatives |
| PCPB | Kenya Pest Control Products Board |
| PEA | Political Economy Analysis |
| PES | Payment for Environmental Services |
| PFM | Public Financial Management |
| SEDAPAL | Lima's Water Company |
| SOE | State Owned Enterprises |

| | |
|----------|--|
| SPS | Sanitary and Phytosanitary Measures |
| TBT | Technical Barriers to Trade |
| TCB | Trade Capacity Building |
| TPPR | Transparent Public Procurement Rating |
| TRR | Trade and Regulatory Reform |
| UNCITRAL | United Nations Commission on International Trade Law |
| USAID | United States Agency for International Development |
| USTR | United States Trade Representative |
| VAT | Value Added Tax |
| WB | World Bank |

Executive Summary

Fiscal Accountability and Sustainable Trade (FAST) is a contractual mechanism that enables USAID/Washington and Missions to rapidly respond to urgent needs for analysis, assessment, and knowledge sharing and building. While most FAST activities are of short duration, some can be for multiyear engagement.

COVID-19 continued to be rampant during 2021, but FAST was able to successfully conduct complex tasks, both remotely and on the ground. During this year and despite the sanitary restrictions, FAST conducted activities and mobilized consultants in Bangladesh, the Dominican Republic, Kenya, Kyrgyzstan, Peru, and Sudan. We have also surpassed eleven out of thirteen monitoring and evaluation targets.

In Kenya, FAST conducted a Free Trade and Trade Capacity Building (TCB) activity.

This was a complex assignment, which involved mobilizing a team of 14 experts to cover 18 negotiating areas plus the several overarching topics. FAST produced an assessment that fully meets the needs of USAID and USTR. To ensure collaboration with its counterparts, FAST produced technical notes to inform the discussion and held weekly (or more often), sessions over five months. FAST management devoted a great deal of attention to the task to ensure harmony and coordination, and deliver success. The size of the program grew beyond what had originally been contemplated, but FAST was able to present the case for the expansion and was able to show how unanticipated challenges could be overcome. In the end, both USAID/DDI/EMD and USTR characterized the final product as “world class.”

In Sudan, FAST produced a Public Financial Management (PFM) and Domestic Resource Mobilization (DRM) assessment. This task had to be conducted with no formal introductions to counterparts, and mainly relying on international experts and persons from donor agencies. However, FAST was able to gain information in other indirect ways – via the former Ministry leadership and private sector contacts. The report provides an overview of the economic, social, and political challenges in Sudan, assesses PFM and DRM performance based on international benchmark standards. It also provides several immediate- and long-term reform recommendations. Upon invitation, FAST presented the report on several occasions to participants from USAID/W, Khartoum Mission, the Department of State, and the Department of Commerce. FAST also presented to the International Monetary Fund (IMF) and World Bank (WB). The report has been shared with the Office of Transition Initiatives (OTI). FAST continues to provide intermittent assistance as request for inputs or analysis have arisen. As part of this assistance, FAST prepared a draft proposal for the use of Fiscal Transparency Innovation Fund (FTIF) resources to help address the issue of subsidies to wheat to alleviate fiscal pressures and reverse competitiveness zapping distortions.

In Kyrgyzstan, FAST is conducting a procurement reform activity. FAST developed a comprehensive assessment of the public procurement system including the Transparent Public Procurement Rating (TPPR), the United Nations Commission on International Trade Law (UNCITRAL), Methodology for Assessing Public Procurement Systems (MAPS) and a report on “centralized procurement, international best practices.” These assessments identified gaps in public procurement systems, made recommendations in line with international best practices and are informing the Government’s procurement reform priorities in the medium-term program. FAST delivered trainings on strengthening public procurement systems and procurement cycle management to build capacity of staff from the Department of Public Procurement (DPP) and procuring entities. FAST also initiated broad outreach to Civil Society Organizations (CSOs),

who are now in permanent communication, which allowed them to organize help them raise their voices for improving efficiency and transparency. As a result, a joint statement from CSOs expressing concerns with regards to the ongoing debate on additional amendments on specific proposed amendments to the public procurement law. Counterparts are pleased to work with FAST, which they have indicated in two separate letters requesting further assistance.

Bangladesh tax benchmarking. FAST mobilized a team of three international and two Bangladeshi experts, with support from the FAST home office. FAST collected data and documents, held several group sessions with the National Bureau of Revenue (NBR) and others, as well as conducted interviews with people from outside government, i.e., private sector representatives and CSOs. The team produced a benchmarking report with practicable and actionable, recommendations that NBR leadership as well as others, such as the Ministry of Finance can act upon. At the same time, the team produced a political economy analysis (PEA) explaining the likely obstacles to reform any USAID interventions with the NBR might encounter. USAID/DRG was so pleased with the quality of our PEA that the main author was invited to speak at an internal roundtable on PEAs at USAID. The Activity Manager (AM) for this activity called the benchmarking a “great study.”

PFM for PES – Dominican Republic. FAST evaluated the pilot project for Payment for Environmental Services (PES) in the Yaque del Norte Watershed. FAST conducted this evaluation in a very comprehensive manner, reviewing many documents as related to the project and the legal framework around it. FAST interviewed most of the project staff and several counterparts and conducted quantitative and qualitative analysis on the hectares covered by the project over time. As a result, FAST identified several issues that put the project at risk. FAST identified problems related to compliance with the law, cash flow, budgeting, transparency, accounting and reporting, and decreasing compensation to environmental services sellers due to inflation. The findings have been well received by USAID and US Forest Service Staff. In words of the technical counterpart from USAID/DR: *“Overall this assessment serves as an excellent evaluation of the state of the PES project and provides solid and actionable recommendations that the project could fairly easily implement to improve its performance. I think it would be of great benefit to the Ministry to use it as a reference as they redesign/strengthen their PES program.”*

In addition to the country work, FAST has been very active developing knowledge products and participating in learning events. These included updating the Macroeconomic Resilience database, presenting at webinars, and the production of a primer on Tax Policy Reform.

Flagship Macroeconomic Resilience Database and analysis. FAST created anchors for scoring from year to year, documented and have presented in USAID workshops, including the Economic Growth (EG) training. The database shows that almost every low- and middle-income country suffered considerable loss in macroeconomic resilience in 2020 and are therefore even more prone to fiscal and monetary stress than before, should economic shocks continue.

Contributed to other USAID learning events. FAST presented during the 2021 Economic Growth (EG) training the COVID-19 macroeconomic framework. FAST also, through COP Gallagher, participated in USAID’s DRG 2021 conference, by discussing issues in fiscal risks. The sessions focused on the relevance of fiscal resilience and role of public financial management in governance and sustainability. More than 75% of the participants indicate they gained new knowledge from the session. COP Gallagher and DCOP Rosado presented FAST work related to macroeconomic resilience in the “Weathering the Storm: Evolving Risks to Macroeconomic Resilience” webinar organized by the DRG center.

Accessible Primer on Tax Policy Reform. The FAST team maintained dynamic communication with USAID/DDI to produce a primer on tax policy reform that is in plain language that can be directly useful for USAID officers without prior expert knowledge. The primer also provides officers with step-by-step guidance to assist tax policy reforms, and visual representations of the tax systems and processes in many USAID partner countries.

SECOND ANNUAL REPORT

This report covers the period October 1, 2020 to September 30, 2021. It summarizes activities and results of the ongoing FAST tasks throughout the Fiscal Year 2021, including a discussion of progress against the work plan.

I. INTRODUCTION

The Fiscal Accountability and Sustainable Trade (FAST) task order supports rapid, sustainable, and equitable economic growth in USAID-assisted countries by bringing a systems approach to addressing PFM (public revenue, budget, expenditure, and debt), trade capacity building (TCB), macroeconomic planning and policies, and other economic governance issues, such as regulatory reform, and by supporting missions to improve the following: a) host-country capacity to mobilize revenue and provide public services; b) policy climate for investment that generates more productive employment and inclusive growth, including issues specific to women and other disadvantaged populations; c) host-country ability to recover from, prevent, and mitigate the impact of conflict, natural disasters, or fiscal crises; and, d) host-country institutional capacity to identify, design, advocate for, and implement better economic policies to enhance inclusive growth and gender equity.

FAST team includes a dedicated core staff of experts with expertise in PFM, trade, macroeconomic planning and policies, and other areas of economic governance.

Despite the restrictions imposed by the COVID-19 pandemic, FAST was able to successfully conduct complex tasks, both remotely and on the ground. During this year and despite the sanitary restrictions, FAST mobilized consultants in Bangladesh, the Dominican Republic, Kenya, Kyrgyzstan, Peru, and Sudan. In addition to the work on the ground, the FAST team continues using electronic communications platforms and other means to carry out work remotely.

This report discusses core management and presents FAST activities and progress according to the two project workstreams:

Workstream 1: Technical leadership, including strengthened understanding of leading practices and tools, and,

Workstream 2: USAID Operating Unit and Partner Country Support

Management and reporting

FAST core management includes the Chief of Party (COP) and the Deputy Chief of Party (DCOP), with access to a Trade Advisor, and project management support staff.

DevTech System, Inc. is the prime contractor with subcontractor support from Nathan Associates, Georgia State University, and The Economist Intelligent Unit. The COP and DCOP are DevTech staff and the Trade Advisor is a Nathan Associates staff member.

Table I lists final deliverables in effect during FY2021 and their status, a more complete list of deliverables and their status can be found on Annex II. The table includes reporting deliverables and program deliverables. Reporting deliverables are requirements established in the FAST Task Order Contract, while program deliverables are established over execution of the annual work plan and based on specific approved work activities.

Table 1: Deliverables schedule and status

| Deliverable | Task | Original due date | Revised due date | Status |
|-----------------------------------|---------------------------------|-------------------|------------------|------------------------------|
| Reporting | | | | |
| Quarterly report 1 | I Core management | 01/31/2021 | 01/31/2021 | Approved |
| Quarterly report 2 | I Core management | 04/30/2021 | 04/30/2021 | Approved |
| Quarterly report 3 | I Core management | 07/30/2021 | 07/30/2021 | Approved |
| Year III work plan | I Core management | 8/15/2021 | 8/30/2021 | Approved |
| Final Program Deliverables | | | | |
| Peru assessment | 4 PFM for PES | 6/30/2020 | TBD | Delayed. In Progress |
| Dominican Republic assessment | 4 PFM for PES | 9/30/2020 | 11/30/2021 | Delivered. Ongoing Revisions |
| 3rd country assessment | 4 PFM for PES | TBD | TBD | Not yet defined |
| Global report | 4 PFM for PES | TBD | TBD | Not yet defined |
| Final report - Sudan | 5 PFM Sudan | 6/30/2020 | 1/8/2021 | Approved |
| Final report - Kyrgyzstan | 6 Procurement reform Kyrgyzstan | 9/30/2022 | 9/30/2022 | Not due |
| Final report - Bangladesh | 7 Tax Benchmarking Assessment | 10/30/2020 | 12/30/2020 | Approved |
| Update 2 on FSR tracker | 8 FSR tracker | 1/30/2021 | 1/30/2021 | Approved |
| Kenya - TCB Final Report | 9 Kenya TCB | 3/31/2021 | 5/30/2021 | Approved |
| Tax Reform Primer | 10 Tax Reform Primer | 05/30/2021 | 05/30/2021 | Delivered, in clearance |
| Public Debt Primer | 11 Public Debt Primer | 07/12/2021 | 07/12/2021 | Delayed. In progress |
| Final report | 13 Fragile States | 11/20/2021 | 11/21/2021 | Not due |
| Final report | 14 Civil Service Reform | 9/30/2021 | 10/15/2021 | Delivered |
| DTI database, visualizations | 15 Debt Transparency Index | 9/10/2021 | 9/10/2021 | Delayed. In Progress |

II. WORKSTREAM I: TECHNICAL LEADERSHIP, INCLUDING STRENGTHENED UNDERSTANDING OF LEADING PRACTICES AND TOOLS

FAST carried out several technical leadership activities during FY 2021 that have already yielded results in terms of better understanding of best practices and useful analytic tools. Table 2: Technical Leadership briefly itemizes these results. The following paragraphs discuss these results in greater detail.

Table 2: Technical Leadership Results

| Type | Brief Description | Status |
|---------------------------|--|--------------|
| Tool | A. Macroeconomic resilience dashboard and database – 2021 | Completed |
| Learning Events | B. Presented the macroeconomic resilience framework at the USAID- Economic Growth Training | Completed |
| Learning Events | C. Presented about fiscal risks at the DRG 2021 conference | Completed |
| Learning Events | D. Presented the macroeconomic resilience framework at the “Weathering the Storm” webinar | Completed |
| Knowledge Management/Tool | E. Curated repository and search tool for payment for ecosystems and related landscape literature. | Under Review |
| Tool | F. Tax Policy Primer | Under Review |
| Tool | G. Debt Primer | In progress |
| Tool | H. Civil Service Reform Primer | In progress |
| Tool/Knowledge Management | I. Debt Transparency Index | In progress |

Macroeconomic Resilience Dashboard

Purpose: Provide USAID/W, Missions, and other operating units with a handy dashboard that compares the macroeconomic resilience of countries in 2020 (during COVID-19), against the macroeconomic resilience they had in 2019 (before COVID-19).

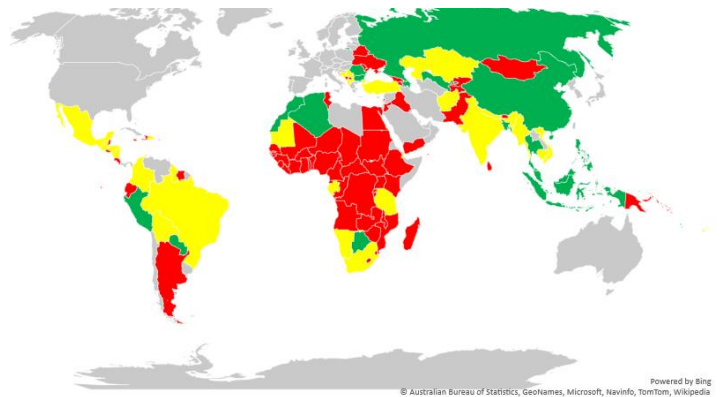
Result: FAST updated and improved the macroeconomic resilience dashboard prepared in 2020. This dashboard is a tool to present the macroeconomic resilience of countries and the flexibility they may have with respect to accessing financing as they recover from COVID-19 impacts.

As economies around the world struggle with the economic impact of the COVID-19 pandemic, governments are seeking ways to respond. Meanwhile, appropriate planning requires a good understanding of what policy levers might be available to mitigate the impact. To respond to this need, in FY 2020 FAST developed a tool to determine the degree of macroeconomic resilience governments have to respond. This tool was updated and expanded during FY 2021 to include the most up-to-date publicly available data. FAST gathered the most recent data available from the World Bank, IMF, and other sources to pinpoint the most up-to-date macroeconomic

resilience. The framework now allows to make year-to-year comparisons of the macroeconomic resilience.

FAST assessed the macroeconomic resilience of nations using 14 indicators that determine potential fiscal and monetary space for most low- and middle-income countries.¹ Fiscal space is the room in a government's budget that allows it to allocate resources for a desired purpose without jeopardizing the sustainability of its financial position or the stability of the economy. Monetary space is the ability of a financial system to implement expansionary monetary policy to accommodate expansionary fiscal policy or to substitute for it, without creating extraordinary problems of inflation, surges in real interest rates, or disequilibria in international payments. Figure I presents macroeconomic resilience across the globe.

Figure I Macroeconomic Resilience in 2020



The updated framework allows comparisons of countries in a given year and to make comparisons over time (Figure II). For this, FAST set up an anchor year – 2019. 2019 is a very natural year to pick as anchor as it was before the pandemic (and its restrictions) hit most countries. 2019 reflects the “pre-COVID” world and it allows to monitor countries over time and see whether and when they will have the resilience levels before the pandemic.

The Macroeconomic Resilience Framework assigns a color to each country-indicator. Green means that the country is relatively resilient as measured by that indicator. Red means that country is non-resilient. Yellow in-between. Assignment of colors vary depending on whether it is an anchor year (2019), or a subsequent year (2020).

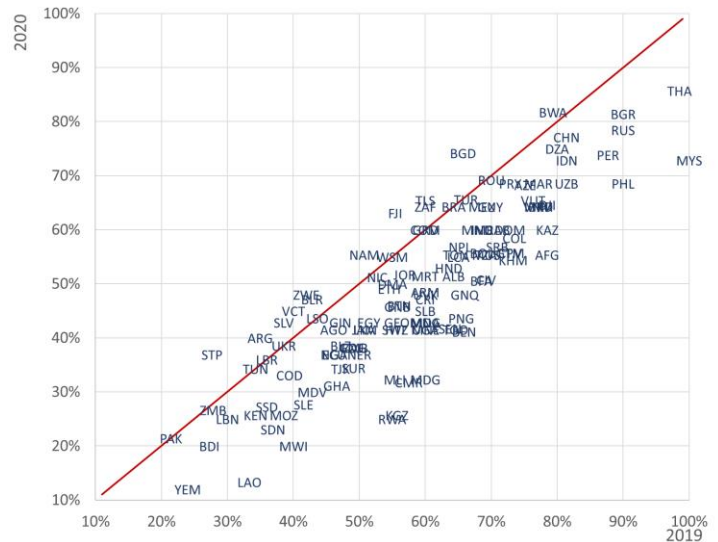
¹ This is an update and expansion of the work of Mark Gallagher and Eunice Heredia-Ortiz (2013) “The Macroeconomic Resilience of Nations.”

For 2019 and most variables, colors are assigned according to where the country-indicator places compared to other country-indicators in the sample. Green is assigned to the top 1/3 performers, red to the bottom 1/3 performers, and yellow to the middle 1/3. Color criteria for 2020 are similar 2019, but instead of dividing countries by thirds, the color is assigned by comparing the value of the indicator against the cutoffs set in the anchor year, i.e., 2019. This way color assignments and scores, are no longer divided by thirds. This happened in 2020, as the pandemic moved many countries and indicators to red.

In general, there is a strong geographical face to macroeconomic resilience; with Africa being less resilient, South East Asia more resilient, and Latin America, Central Asia, and Eastern Europe in between.

FAST also updated its estimates to the impact of COVID-19 on the Gross Domestic Product (GDP) of developing countries around the world. The most severely hit economies are in Latin America and India. The three most damaged economies of 2020 are Maldives – as expected due to loss of tourism revenue – and Libya and Guyana.

Figure 2 Comparison of resilience 2019 vs 2020



FSR Tracker

Purpose: FAST will update, expand, and revise the existing tracker to account for all USAID activities supporting the Agency's FSR initiative. FAST will establish a tracker to aggregate recurring reporting and lessons learned from the implementation of activities that contribute to FSR. FAST will also develop an Agency-wide repository of related activity documents. The tracker and repository will incorporate activities in the following five functional areas of FSR: domestic revenue mobilization, public financial management, fiscal transparency and accountability, enabling environment for private investment, and functioning financial markets.

Result: FAST submitted the updated FSR tracker containing 301 activities on February 19, 2021. The FSR tracker contains the following information: name of the activity, country where the activity takes place, region, start year, end year, monetary value of the activity, a short description of the activity, relevant hyperlinks, whether this is an ongoing or completed activity, the activity number, implementer, and whether the scope of work is available.

FAST also compiled documents related to these activities into the FSR repository, they are organized by country, and hosted within the FAST Google Drive.

Economic growth training

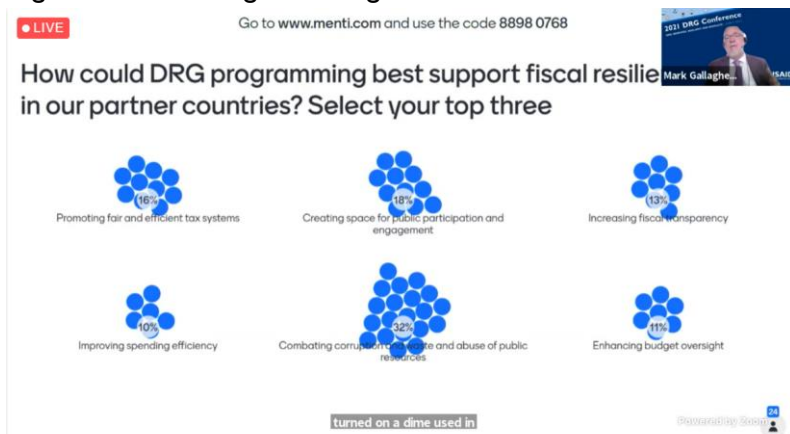
Purpose: FAST, through COP Gallagher and DCOP Rosado, participated in the USAID's Economic Growth (EG) 2021 training, by presenting the FAST macroeconomic resilience tool. The macroeconomic resilience tool highlights in bright, clear terms the challenges that 134 low- and middle-income countries face in being able to respond to the economic and financial assault the pandemic has wrought.

Progress: FAST presented the tool on the EG training on February 24, 2021, to 28 USAID staff, including 16 women and 12 men, and received generally positive feedback.

DRG Conference: Money Matters Panel

Purpose: The Money Matters panel sought to raise participants' awareness of the linkages between fiscal resilience and broader DRG objectives and pique their interest to learn more about how USAID can leverage public finance programming and non-programming approaches to help reduce fragility and political instability in partner countries. The panel discussed several matters, including: why and how public finance matters to democratic governance and stability; why DRG officers should integrate it into their work; and how USAID officers might approach strengthening fiscal resilience in their partner-country contexts.

Figure 3 COP Gallagher during the DRG Conference



Result: FAST, through COP Gallagher, participated in the USAID's DRG 2021 conference, by discussing issues in fiscal risk. The sessions focused on the relevance of fiscal resilience and role of public financial management in governance and sustainability in the face of instability and uncertainty. Gallagher explained and presented evidence that the need to prepare for fiscal risks is not new. Various financial crises during the last 30 years, numerous natural disasters, and unsustainable debt levels all give testimony governments need to acknowledge and prepare for fiscal shocks in their economic planning. When shocks aren't incorporated into budgets, there are significant costs which affect all levels of society; such as, debt defaults, the inability to pay workers, and the reduction of allocated funds to important government provided services, like education and healthcare.

Weathering The Storm Webinar

Purpose: To increase USAID staff understanding of how COVID-19 impacted a country's economy and what policy levers are available to mitigate the impact. To respond to this need, FAST presented the series of tools developed to help Missions plan based on internationally available data and sound economic principles that focus on changes in jobs, poverty, and the degree of macroeconomic resilience governments have to respond.

Results: The webinar generated a great deal of interest from USAID staff, as 61 people confirmed participation. FAST received several questions during the presentation, including questions about specific country cases, how macroeconomic resilience is related to democratic governance, timeframe, and strategies to rebuild macroeconomic resilience, among others.

Figure 4 Cover Slide of the FAST presentation



Tax Policy Reform Primer

Purpose: The tax policy reform primer provides a broad and accessible overview of tax policy. This includes thorough explanations of several tax categories and their relationship with a country's political economy, a clear outline of the standard stakeholders in the tax ecosystem in USAID partner countries, and key ideas for the design of tax policy reform. Additionally, the primer lays out specific examples of tax policy reform, including donor- and USAID-supported projects that illustrate good practice in design and implementation. To better understand the role of donors in tax policy reform, the primer also describes how USAID and other bilateral and multilateral institutions can support partner countries in their efforts for reform.

Results: The FAST team prepared the draft annotated outline of the report and delivered to the Activity Manager, who circulated it among colleagues and reverted to provide inputs. FAST subsequently revised the draft to reflect this input. FAST prepared a revised draft report and circulated it on May 24, 2021. FAST received feedback on the report and resubmitted a revised version on June 13, 2021. Following additional feedback and discussion, FAST worked directly with the AM to format and revise the primer, and submitted the final draft on August 19, 2021.

The result is a tax policy reform primer that is in plain language that can be directly useful for USAID officers without prior expert knowledge. The primer also provides officers with step-by-step guidance to assist tax policy reforms, and visual representations of the tax systems and processes in many USAID partner countries. The primer is currently being reviewed for clearance because USAID intends to publish it on its website.

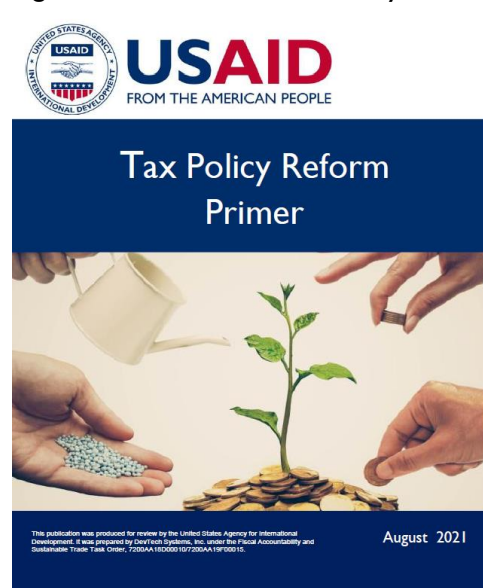
The primer presents a basic approach to tax policy reform in developing countries, drawn from international experience and best practices. The primer emphasizes throughout issues and experiences that USAID staff are likely to encounter. The primer explains the key economic and political economy issues surrounding tax policy reform. This includes basic principles of taxation, best practice application of those principles in developing countries, and critical design features of main taxes. The primer features examples from some of the countries that USAID has supported, namely, Afghanistan, Bangladesh, Bosnia and Herzegovina, El Salvador, Georgia, Nepal, the Philippines, Rwanda, and Tanzania.

This primer is organized as follows. This first chapter presents basic principles of tax policy and reform. Chapters II through IV provide greater detail about major direct taxes: personal income and payroll taxes, corporate income tax, and property and wealth taxes. Chapters V through VII cover the most common indirect taxes: value-added tax (VAT), excise tax, and taxes on international trade. Chapter VIII discusses special topics in taxation, namely interaction among direct taxes (i.e., VAT, excise, and international trade taxes); taxation of extractive industries; taxation in fragile states; gender and taxation; carbon taxation; and emerging issues on the international tax agenda such as base erosion and profit shifting, transfer pricing, and the digital economy. Chapter IX concludes and provides recommendations for future donor support for tax policy reform in partner countries.

Public debt primer

Purpose: To provide useful insights into public debt issues in low and lower-middle income USAID partner countries with practical guidance to inform prospective USAID programming in this space. Specific topics or research questions that should be addressed include: what is public debt, and why is it important to USAID; why governments borrow, and how borrowing affects growth and development more generally; how governments borrow; what debt sustainability means; issues and approaches related to improving debt management; issues and approaches related to improving debt transparency and coverage; how debt problems should be handled;

Figure 5 Cover of the Tax Policy Primer



indicators, approaches and resources for measuring or benchmarking debt transparency, debt sustainability, and the quality of debt management; and examples of USAID and other international support in these areas.

Progress: The FAST team prepared the draft annotated outline of the report. FAST submitted the draft outline to the USAID Activity Manager, who circulated it among colleagues and reverted with inputs. FAST is currently working on finalizing the final draft report, which will incorporate the changes requested by the Activity Manager to the outline.

Because public debt can significantly expand governments' policy options as a funder of sustainable development, it is a critical area of policy management that any government would want to "get right." As the primer shows, getting it right means achieving a proper balance between the benefits, the costs, and the risks of public debt. Successful debt management largely hinges on credible commitments to maintain "sustainable" levels of government indebtedness. Thus, the remainder of this primer will address three main questions: What does "getting public debt right" mean concretely? What should countries do to get there? And how can development partners and stakeholders help in the process?

To answer these questions, the primer provides a framework linking the key relevant concepts, the basic theories and the concrete assessment tools and indicators. That framework will assist development stakeholders in putting the proper emphasis on public debt developments in their analysis and advice. An improved ability to detect early warnings of unhealthy developments could prompt advice to take timely and effective mitigation measures aimed at plugging the gaps in the debt management framework. Good international practice derived from past cases of success and failure will inform that discussion.

Overall, the primer seeks to equip USAID staff with concrete tools to (i) understand the importance of a sound public debt policy for economic and financial development, (ii) assess when the government's approach to public debt is problematic (poor management, wrong prioritization and sustainability at elevated risk), (iii) understand preventive strategies to mitigate the risk of debt problems and how development partners can help in developing such strategies and putting them in place, and (iv) in case of failure, have a good grasp of productive approaches to debt restructuring or default.

Fiscal Reform in Fragile States

Purpose: To provide evidence on what interventions have shown to be most effective in advancing fiscal reform in fragile states and how fiscal reform can address fragility. The results of this project will help field officers in USAID Missions to better design and manage effective fiscal reform activities and to provide them with useful references to promote the use of such programs with Mission leadership. This research will draw from the development of a series of case studies. These studies will inform the development of the main paper on PFM in Fragile States. The five case studies were selected based on identifying a range of contexts with a focus on reflecting different drivers and levels of fragility (e.g., natural resource rich state vs. country with fractured national identity). The paper will also draw from a broader experience of successful reformers.

Progress: To select the five case countries, the FAST team compiled a list of 40 countries and analyzed them with respect to their fragility, susceptibility to conflict, USAID involvement, and technical feasibility. From this group, FAST provided the AM with a list of 12 countries. The

selected countries were originally Afghanistan, Guatemala, Liberia, Mozambique, and South Sudan. However, due to recent events, Afghanistan was replaced with Nepal in August 2021. FAST presented a preliminary case study in July 2021 on Liberia. FAST conducted kick-off meetings with the Liberian and Mozambiquan Missions. FAST onboarded short-term technical consultants for Liberia and South Sudan in July 2021. FAST conducted interviews with government officials and key stakeholders from bilateral and multilateral institutions, including COPs for completed USAID projects in Liberia. The FAST team has begun desk research for all five countries on their specific sources of fragility, corruption, budget planning and execution, procurement, infrastructure, payroll, decentralization, etc.

Programmatic Analysis of Civil Service Reform Approaches

Purpose: To draw from real world experiences of countries to inform USAID of effective approaches that can improve the performance, accountability, and cost-effective management of the public sector. The analysis will provide USAID with a set of practical options that staff could consider in their efforts to assist partner countries to improve their public sector operations as an element of the broader aim of promoting sustainable and equitable economic growth. In developing this set of options, the research draws from real world experiences in implementing successful civil service reforms under varying political systems and constraints, all the while reflecting upon promising, yet untested, approaches identified by academia or other interest groups.

Progress: FAST began implementation of the task in May 2021 and delivered a comprehensive work plan for feedback on May 27, 2021. FAST received feedback and submitted a revised draft. FAST also delivered a draft outline of the final paper on June 25, 2021. The FAST team met with the AM to discuss the outline in July 2021, which was then revised and submitted for approval. The FAST team completed the first draft of the report on August 23, 2021, which subsequently went through several rounds of revision.

The focus in the report is to improve government transparency, accountability, efficiency, and effectiveness and how this can be best achieved through five different approaches. The report does not purport that one approach is better than the others, rather it offers guidance as to what has worked well and what has not. The following themes are presented for each approach: (i) policy imperatives and rationale; (ii) political economy considerations; (iii) strategies and programs; and (iv) results and critical success factors.

Public Debt Transparency Index (DTI)

Purpose: To provide USAID and others with a handy, empirically based and visually accessible tool for assessing and monitoring the transparency of debt reporting in low and middle income countries and, thereby help inform prospective USAID and other donor. The DTI will build on recent debt transparency efforts, particularly the World Bank's Debt Reporting Heatmap and Development Reimagined's Country Debt Report. This task is developmental and may result in the establishment of a permanent DTI and annual updating of the index, database, and repository.

Progress: The FAST team held the DTI's kick-off meeting on May 7, 2021, and discussed the purpose, concept note, and possible indicators with the Activity Manager. The FAST team then wrote the first draft of the concept note with 11 indicators on June 21, 2021, which the team presented internally within USAID on June 23, 2021. The FAST team then worked on revising the concept note, and collected information for the DTI for 14 countries.

The FAST team then presented the DTI to the Foreign, Commonwealth & Development Office (FCDO) and the International Budget Partnership (IBP) on July 15, 2021. Both the FCDO and the IBP provided insightful comments, which the FAST team then incorporated in the concept note. The Team collected information on 31 countries for the DTI, and continued revising and internally discussing the concept note. After a meeting with the Activity Manager on September 10, 2021, the FAST team extensively revised the concept note and the list of indicators.

FAST removed the historical component of debt reporting, included additional documents on risk analysis, and revised the indicator on collateralized bilateral loans. The FAST team collected information for 60 countries with the new set of indicators and began comparing the scores with the scores for the World Bank's Debt Reporting Heatmap and Development Reimagined's Country Debt Guide.

III. WORKSTREAM 2: USAID OPERATING UNIT AND PARTNER COUNTRY SUPPORT

FAST worked on five tasks to support operating units during this fiscal year. These are: PFM for PES, increase government transparency and accountability in Sudan by supporting responsible government budget formulation and increased and equitable domestic revenue mobilization, effective public procurement for Kyrgyzstani taxpayers, conduct a Bangladesh Tax Modernization Assessment, and conduct a TCB assessment in Kenya.

Public Financial Management for Payment for Ecosystems Services

Purpose: Assess and provide design recommendations for PES programs through a public financial management lens to strengthen their effectiveness, efficiency, equity, and transparency in use of funds. This task includes assessments in Peru, the Dominican Republic, and a still-to-be-determined third country, as well as supporting knowledge management in Washington. The task also includes providing support to the DDI, such as preparing a repository or writing blog articles.

Progress: FAST drafted the Public Financial Management for Payment for Ecosystem Services (PFM for PES) assessment in the Dominican Republic and has conducted background review, conducted interviews, and held working sessions in Peru.

In the Dominican Republic, FAST finalized the evaluation of the adequacy of the pilot PES project in the Cuenca Yaque del Norte River Watershed. This includes assessing the design, capacity, systems, and operations with respect to the principles of good PFM. This assessment informs on the extent PES activities are equitable, effective, and efficient. It also proposes adjustments, corrective actions, and changes to enhance collection of fees and administration and allocation of revenues. This activity also produced lessons learned and recommendations for future PES activities in the Dominican Republic and elsewhere.

Activities conducted in the Dominican Republic include: 1) reviewing background documents shared by colleagues at the PES office within the Ministry of Environment; 2) conducting interviews with the PES staff and other stakeholders; 3) visiting the field office to conduct verification of documentation and review office practices; 4) interviewing sellers of environmental services (also called program beneficiaries); 5) presenting the findings to USAID/W and USAID/DR colleagues, the US Forest Services, and the PES staff in the DR; and 6) drafting the final report with findings and recommendations. The report was prepared and submitted. The Activity Manager provided feedback and is now being incorporated into a final deliverable.

The pilot PES has been operating for a decade and has been making payments generally on time to the environmental sellers. However, FAST found several shortcomings of the program as related to its financial sustainability and PFM practices. FAST found that there are important cash flow issues which put the program at risk. Similarly, the budgets FAST had access to are inaccurate. Transparency is a concern as the financial information is not published. Also, the treasury management is not compliant with international best practices as the project has its own bank account. In general, the project is being compliant with the PES law enacted in 2018. Some of the recommendations include the need to improve transparency in the receipt and disbursements of funds, to improve the reliability of transfer of funds, and to strengthen cash flow planning and management.

In Peru, FAST is developing program design, institutional arrangements, and contractual instruments for streamlining Lima's water company (SEDAPAL) PES program implementation through third parties. FAST is analyzing organizational alternatives to solve the bottlenecks that impede the use of USD 30+ million earmarked for green infrastructure.

Activities to date in Peru include: 1) analyzing documentation of the current implementation of green infrastructure in Peru, 2) reviewing documentation related to the legal viability of fund transfers, 3) interviewing stakeholders in Peru including SEDAPAL, candidate organizations to implement the funds, regulators, and other government offices involved in green infrastructure in the country, and 4) drafted the organizational strategy to overcome the identified implementation problems. The draft organization strategy is currently under revision and will be circulated within USAID and with the counterparts in the next quarter.

FAST will conduct an assessment related to PES in a third country TBD.

In parallel to the country work, FAST compiled the PES document repository and has created an annotated bibliography. The FAST annotated bibliography and repository contains 253 documents. FAST also developed the navigation tool for the PES literature, it is a powerful and easy to use search tool. Once approved by the Activity Manager, FAST will present the tool in a webinar.

DRM and budget formulation in Sudan

Purpose: Provide a foundation for informed decision making related to investing in Sudan to support DRM and improved budget formulation. FAST will conduct an independent and objective assessment of the context and rationale for assistance to the Civilian Led Transitional Government (CLTG) in Sudan. This will enhance DRM, budget formulation, and provide USAID a menu of options for programming in these areas.

Results: The FAST team delivered the assessment report and presented analysis, findings, recommendations, and options on next steps for the US Government. The report provides an overview of the economic, social, and political challenges in Sudan, assesses PFM and DRM performance based on international benchmark standards. It also provides several immediate- and long-term reform recommendations.

The report outlines several immediate term reform priorities that are essential to strengthen budget formulation processes and improve DRM in Sudan. They include the need to hold further consultations with the government on PFM and DRM reforms and to facilitate a dialogue with private sector and CSOs and other stakeholders. We submitted a previous version of the draft final report for review on December 30. Upon receiving feedback during the reported period, FAST revised the report to incorporate views and requested modifications.

The Team delivered the final revised version on April 7. The Office of Transition Initiatives (OTI) reviewed the report and circulated it internally for evaluation. The final FAST deliverable was approved by the COR on July 15, 2021.

FAST has remained available to support both the Mission and USAID/W when further assistance has been needed. For example, FAST commented on a matrix with reform proposal for discussion between donors and drafted upon request a proposal to access Fiscal Transparency Innovation Fund to support greater transparency in Sudan's wheat subsidy programs.

Table 3: Sudan - DRM and budgeting task recommendations

| Area | Recommendation |
|------------------|--|
| Budgeting | Build staff capacity and reorganization of the MOFEP |
| | Reform budget formulation process |
| | Strengthen expenditure control |
| | Reform public procurement system |
| | Provide technical assistance to strengthen legislative oversight |
| | Draft a new PFM law |
| | Switch to a multi-year budgeting framework |
| | Improve fiscal transparency |
| | Foster public-private dialogue and citizens engagement |
| DRM | Strengthen tax policy capacity |
| | Comprehensive review of tax legislation |
| | Simplify tax regime |
| | Improve tax transparency |
| | Simplify business processes |
| | Implement information communication and technology (ICT) |
| | Provide guidance on establishing an efficient, effective, and accountable Semi-Autonomous Revenue Authority (SARA) |

Procurement reform in Kyrgyzstan

Purpose: Improve self-reliance in Kyrgyzstan's public procurement systems by; (i) improving efficiency of public procurement system; (ii) enabling CSOs to monitor public procurement; and (iii) increasing capacity of staff from DPP and other procuring entities in support of reforms in public procurement systems and processes. These changes will improve transparency and reduce corruption. The FAST team works with the Ministry of Finance's Department for Public Procurement (DPP), State Committee on Information Technology, and media and civil society groups. This effort supports digitalization of public procurements to increase transparency, reduce corruption, and enable civic oversight and participation at the budget planning and execution phases.

Progress: During this Fiscal Year, FAST executed the following:

- Developed a comprehensive assessment of the public procurement system including:

- Transparent Public Procurement Rating (TPPR)
- United Nations Commission on International Trade Law (UNCITRAL)
- Methodology for Assessing Public Procurement Systems (MAPS)
- A report on “centralized procurement, international best practices

These assessments identified gaps in public procurement systems, made recommendations in line with international best practices and are informing the Government’s procurement reform priorities in the medium-term program.

- Developed a roadmap for e-procurement and plans for upgrading the e-procurement portal
- Provided counterparts with technical assistance and developed a complete package to help the country’s accession to the World Trade Organization (WTO) as related to procurement
- Assisted in drafting a regulation on standard qualification requirements and technical specification for the procurement of common user items aimed at improving efficiency and the quality of the resulting procurements.
- Delivered two (2) trainings on strengthening public procurement systems and procurement cycle management to build capacity of staff from DPP and other procuring entities.
 - Conducted a training on Strengthening Public Procurement Systems, International Best Practice for public procurement specialists in the structural units of the Ministry of Economy and Finance on March 31, 2021 in Bishkek, Kyrgyz Republic. This training had 38 participants from the Ministry of Economy and Finance of which 51% were female participants.
 - Conducted a training on Procurement Cycle Management for public procurement specialists on September 22-24, 2021 in Issyk-Kul, Kyrgyz Republic. The training had 39 participants from the DPP and procuring entities of which 44 percent were female participants.
- Conducted three workshops in Bishkek Kyrgyz Republic
 - Workshop for e-procurement portal on September 27, 2021. The main result of this workshop was to develop the business processes maps required to implement the e-contracts management module.
 - Workshop for DPP staff on September 28, 2021. The main result of this workshop was to prioritize the recommendations presented in the FAST assessments to develop a revised workplan for FY2022.
 - Workshop for CSOs on September 29, 2021. The main result of this workshop was that the CSOs had a space to reach coordination and agreements and to present the tools they use to monitor the procurement processes in the country.
- Initiated broad outreach and training to CSOs, who have now created a WhatsApp-linked group to organize CSOs and helped them raise their voices for improving efficiency and transparency.
 - As a result, a joint statement from CSOs expressing concerns with regards to the ongoing debate on additional amendments on specific proposed amendments to the public procurement law.
- Developed Strategic Communication Plan and Activity Monitoring Evaluation and Learning (AMEL) plans

FAST's counterparts in the government of Kyrgyz Republic are pleased to work with FAST, which they have indicated in two separate letters requesting further technical assistance. Feedback from Kyrgyzstan Mission has been very favorable. The entire FAST team will continue to provide timely and needed technical assistance in support of improving public procurement systems in Kyrgyz Republic.

Figure 6 Group Work during Issyk-Kul Training, September 2021



Bangladesh Tax Modernization Assessment

Purpose: Provide USAID a foundation for informed decision making related to investing in Bangladesh to support FSR and DRM. FAST experts will independently and objectively identify opportunities to support Bangladesh in FSR in general, and DRM in particular. These opportunities could include new standalone activities, or interventions that support existing Mission activities, whether directly or indirectly.

Progress: The team produced two products: tax benchmarking and a political economy analysis. Tax benchmarking is a tool that USAID and others have employed for more than a decade to evaluate tax revenue performance, tax administration structure, processes, resources, and other factors in an internationally comparative context. The tax benchmarking is meant to serve both the needs of the National Board of Revenue (NBR) and, more widely, the Government of Bangladesh, as well as USAID and the donor community as they contemplate providing technical or other support to enhance DRM. The political economy analysis, meant exclusively for USAID programming purposes, provides recommendations about the feasibility of supporting DRM, how such support might be most useful, and the risks related to such reform.

The first step in the work was the “Bangladesh Tax System from 30,000 Feet” analysis. Next, FAST collected and analyzed information from various sources, including, *inter alia*, the IMF, the WB, the MOF and NBR. The team held several consultations with MOF staff and members of the NBR and held virtual meetings with at least 18 senior officials. In addition, the team met with staff from the Policy Research Institute of Bangladesh, the Asian Development Bank (ADB), European Commission (EC), International Finance Corporation (IFC), USAID/Bangladesh, USAID-funded

Bangladesh Improving Trade and Business Enabling Environment (BITBEE) project, and representatives from the private sector.

The effort resulted in a comprehensive benchmarking of the Bangladesh tax system. The report provides several immediate- and medium- to long-term recommendations to improve the revenue system. These recommendations are in table 4.

Table 4: Bangladesh - recommendations

| Area | Recommendation |
|---------------------------|--|
| Tax Administration | Need for a modernization plan |
| | Re-define the role, status, and regulatory power of the NBR |
| | Restructure the NBR by function and size |
| | Centralize corporate services into a single department |
| | Develop compliance risk management plan |
| | Strengthen research and analytical capacity |
| | Business process re-engineering |
| | Separate tax policy from tax administration |
| | Strengthen taxpayer services |
| Tax Policy | Recommendations for income tax |
| | Recommendations of property tax |
| | Recommendations for value added tax |
| | Recommendations for supplementary duties and excises |
| | Recommendations for customs (immediate-, medium-, and long-term) |

A de-briefing session was held on December 14 with senior management and representatives from the NBR, which was also attended by USAID/Bangladesh. FAST team reviewed comments from the December 14 meeting, revised the draft, then finalized and submitted to the Activity Manager in USAID/Bangladesh. FAST COP and AM held subsequent meetings to discuss follow-on activities, such as further presentations.

Figure 7 Presentation of Bangladesh Study



USAID/DRG was so pleased with the quality of the FAST PEA that the main author was invited to speak at an internal roundtable on PEAs. The USAID Activity Manager called the benchmarking a “great study.”

Kenya trade capacity building assessment

Purpose: Identify Kenya’s overall ability to negotiate and implement a comprehensive, high-standard, free trade agreement with the United States. This includes identifying gaps and proposing recommendations to develop a TCB strategy to ensure successful negotiation and implementation of a U.S.-Kenya Free Trade Agreement (FTA). The Government of Kenya (GOK), USAID, and key U.S. Government departments and agencies will consider the FTA. This assessment will include identification of short- to long-term technical assistance needs in the areas of trade policy, trade-related sector policy, financial, institutional, and human capacity, and a proposed TCB plan. The plan will have well-defined priorities and related estimated costs, which will help the GOK to enhance the likelihood of successful negotiation and implementation of the Kenya-U.S. FTA.

Result: FAST produced a comprehensive TCB Assessment on Kenya, involving 18 negotiating areas plus two overarching areas. For this effort FAST mobilized a team of 14 members, reviewed a large volume of documents, and conducted many meetings in which many counterparts participated.

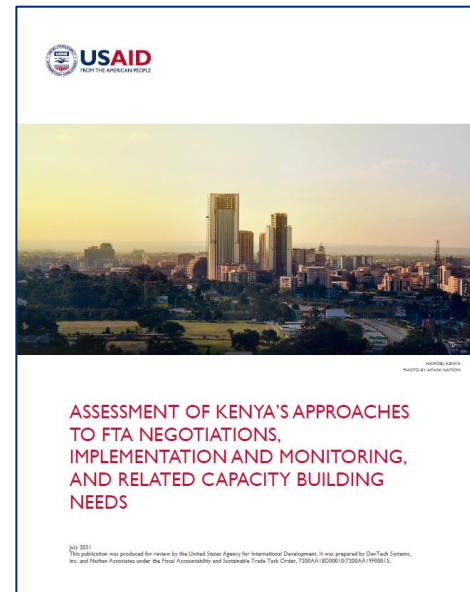
The period of performance for the needs assessment was December 2020 through May 2021, a time in which the COVID pandemic created many hindrances. International travel bans required that the FAST Team be split into two sub-teams - with one based in the US and one based in Nairobi, Kenya. All meetings took place via MS Teams platforms operated by FAST. FAST used several different methodological approaches to assess Kenya’s TCB needs in the two macro areas and the Negotiating Areas.

To inform and streamline the conversation with counterparts, FAST drafted two technical notes. Technical Note #1 established an analytical framework and used “lessons learned” and “international best practices” to analyze Kenya’s approach to negotiate, implement, and monitor a high-standard FTA and to assess the related TCB needs in the areas of negotiations, implementation, and monitoring. Technical Note #2 springs from the premise that trade is about change, competition, pressure to change, and productivity gains through resource allocation. Using this as a starting point, FAST reviewed Kenya’s attempt to mainstream FTA-consistent policies, laws, rules, and regulations into its sustainable development strategy and to identify the related TCB needs.

The methodology for assessing the TCB needs for the 18 Negotiating Areas had the FAST Team adopt the following steps in developing each of their assigned chapters. The first step was to review the literature to identify: (i) the legal, regulatory, institutional, and human resource framework that prevails in Kenya for the relevant topic; (ii) consult with the key GOK and public entities that are tasked to implement and operate the prevailing framework; and (iii) identify the needs, if any, of these key GOK and public entities in terms of technical assistance, advisory services, human resource and other kinds of assistance.

Second, FAST reviewed existing published evidence regarding the degree of operational efficiency and cost of the prevailing policy, legal, regulatory, and human resource framework on producers, exporters, and importers. Using this information, they identified areas of deficiency and

Figure 8 Cover of Kenya FTA study



operational weakness. Next, they drafted questions around items (ii) and (iii) above to be raised with the relevant Ministries, private institutions, and organizations in the next step.

Third, FAST shared questions with the KNT along with a request that the KNT area-specific Teams facilitate virtual meetings with Kenyan institutions and private sector organizations. Results from the sets of meetings and responses to the sets of questions enabled FAST to identify TCB needs. These were categorized into expressed short-term and long-term TCB needs for each relevant institution or organization for inclusion in this TCB assessment report.

The final step was to record existing donor-funded TCB activities and projects.

At KNT's request, on January 22 and 28, 2021 FAST gave a presentation and discussed with KNT members and representatives of ministries and public organizations the just-described approaches. This was done to ensure that all stakeholders had a full understanding of the TCB concept and the methodological approaches the TCB Team would use to explore the 18 Negotiating Areas listed below:

- | | |
|--|---|
| 1. Trade in Goods (including industrial and agricultural goods) | 9. Foreign Investment |
| 2. Sanitary and Phytosanitary Measures (SPS) | 10. Intellectual Property |
| 3. Customs and Trade Facilitation | 11. State-Owned and Controlled Enterprises (SOEs) |
| 4. Rules of Origin | 12. Competition Policy |
| 5. Technical Barriers to Trade (TBT) | 13. Labor |
| 6. Good Regulatory Practices | 14. Environment |
| 7. Trade in Services (including telecommunications and financial services) | 15. Anti-Corruption |
| 8. Digital Trade in Goods and Services and Cross-border Data Flows | 16. Trade Remedies |
| | 17. Government Procurement |
| | 18. Dispute Settlement |

To assess the prevailing policy, legal, and regulatory framework; human resource requirements; infrastructural needs, and other gaps, FAST worked hand-in-hand with the KNT and KNT-designated institutional representatives of public and private entities. At KNT's request the assessment process followed by all FAST team members was as follows:

- a. First, FAST developed a methodology for consistency of approaching all topics covered by FAST. Two technical notes were developed to clarify the approach to analysis and data collection for issues and constraints identified during desk work. These would be used as starting points for the virtual identification of existing frameworks and TCB needs in the Trade Topics.
- b. The two technical notes and individual lists of questions for each of the 18 negotiating areas were reviewed by the KNT. The Kenya Deputy Chief Negotiator then designated subject matter points of contact on the KNT to introduce TCB Team members to representatives of selected public or private institutions; and
- c. At the level of targeted public-private institutions, the technical notes and the lists of questions formed the basis of discussion between TCB Team members and relevant public institutions representatives to iteratively identify in writing constraints and gaps and assess TCB needs in each of the 21 areas.

The above-mentioned KNT-defined process was labor-intensive and time-consuming. For example, to assess the TCB needs of the Kenya Directorate of Veterinary Services (DVS), a series of three successive two- to three-hour virtual meetings were held, accompanied by several

exchanges of diagnostic documents was performed over several weeks. The TCB needs assessments of the Kenya Plant Health Inspectorate (KEPHIS), Pest Control Products Board (PCPB), and the KNT followed the same labor-intensive and time-consuming process.

That KNT-defined process had, however, the benefits of:

- a. Ensuring the direct involvement of KNT members and public institution representatives in the TCB Team assessments.
- b. Providing up-to-date data to FAST to diagnose legal and regulatory frameworks, human resource requirements, infrastructural needs, and other gaps as well as related TCB needs that augmented the data gathered through desk works during the pre-field survey period.
- c. Facilitating the review of the draft “FTA TCB Assessment report” or draft TCB needs assessment; and
- d. Securing, ultimately, KNT’s ownership of the final TCB needs assessment report.

The result of this intensive process, was having a very thorough and comprehensive FTA report, which both USAID/TRR and USTR characterized as “world class.”

IV. PROGRESS AGAINST PLANNED TARGETS

As of the end of this FY21:Q4 reporting period, FAST met or exceed all but two planned targets. The anticipated shortfalls are in providing technical assistance in trade and investment enabling environment and training in this same area, which is due to lack of demand. This progress is summarized below and captured in the Appendix – 1. Appendix – 2 provides the status of all FAST planned deliverables since project start up.

1. FAST has two high-level indicators: fiscal deficits of the Government of Sudan and a measure of foreign trade for the year for Kenya (indicator A.2.10). In the case of Sudan, the IMF projects a much smaller fiscal deficit for Sudan than our target was. While this is good news for Sudan and supports US interests, it cannot be claimed as a FAST result. (indicator A.1.1)
2. The FAST annual target was to provide 100 person hours of training in fiscal policy and administration to strengthen USAID capacities. At the end of the fiscal year, FAST greatly exceeded that target with a cumulative total for the year of 1,160 person hours. Of these our estimate is that about 46% of the participants were women (indicator A.1.1-14).
3. FAST met the planned 650 person days of technical assistance to counterparts in fiscal policy and administration. By the end of this fiscal year FAST provided 695. All this technical assistance has taken place in Kyrgyzstan, either remotely or on site. (indicator **4.1.1-15**)
4. The FAST MEL Plan anticipated 20 days LOE in trade and enabling environment related technical assistance to USAID partners, whether governments or other stakeholders. This fiscal year FAST did not provide any. (indicator **4.2.12**)
5. The MEL Plan anticipates providing 200 person hours of training in fiscal policy and fiscal administration to strengthen USAID capacity. As of the end of this year, FAST delivered training for 224 person hours. Of these, we estimate 61% are women. All this training has been remote. FAST met the annual target. (indicator **A-1**)
6. Although the MEL Plan anticipates 50 person hours of training in trade and investment enabling environment training for USAID staff, but FAST did not participate in this type of training this year. (indicator **A-2**)

7. MEL Plan anticipated providing 800 days of technical expertise to conduct assessments in fiscal policy and fiscal administration. FAST exceeded this target, reaching 901 person days LOE by the end of this fiscal year. This technical assistance was provided remotely and on site by local consultants. (indicator **A-3**)
8. MEL Plan anticipated providing 305 days of technical expertise to conduct trade and investment enabling environment assessments. As of the end of Y21:Q4 we delivered 554 days. All this expertise was devoted to the Kenya Free Trade Agreement and Trade Capacity Building Assessment. (indicator **A-4**)
9. FAST delivered four knowledge management solutions: the Financing Self-Reliance Tracker, the PES repository, the macroeconomic resilience model, and the tax policy primer. This complies against the year target of four. (indicator **A-5**)

Appendix I- MEL Reporting

| Standard and Customized Indicators | | | | | | | | |
|---|------------|--|---------------|------|------|------|---------------|---|
| Note 1: <i>Target values are in italics</i> , actual values are in bold | | | | | | | | |
| Note 2: Actual values are cumulative for the year to September 2021. | | | | | | | | |
| Standard Economic Growth (EG) Indicators | | | | | | | | |
| Standard EG indicators | | | | | | | | |
| No. | Category | Indicator | Fiscal Year | | | | | Notes |
| | | | 2021 | 2022 | 2023 | 2024 | Sum | |
| 4.1.1 | High level | Three-year average in the fiscal deficit as a share of GDP (sp. general government primary net lending/borrowing) | -7.3 | -4.6 | -3.1 | -2.3 | na | Sudan. Deficits are negative numbers. Data from WEO/IMF Others may be added if needed |
| | | | -3.03p | na | na | na | na | |
| 4.2.10 | High level | Foreign trade (X+M) as a percentage of GDP | 30.5 | 30.5 | 30.5 | 30.5 | na | Kenya Others may be added depending on requirements |
| | | | 31.4 | na | na | na | na | |
| 4.1.1-14 | Training | Person hours of training in fiscal policy and fiscal administration supported by USG assistance provided to counterparts and stakeholders, by gender | 100 | 120 | 120 | 120 | 460 | Provided to partner country counterparts and stakeholders Data from FAST records |
| | | | 1160 (47%, f) | na | na | na | 1160 (47%, f) | |
| 4.2.1-12 | | Person hours of training in trade and investment enabling environment supported by USG assistance provided to | 20 | 100 | 100 | 100 | 320 | |
| | | | 0 | 0 | 0 | 0 | 0 | |

| | | counterparts and stakeholders, by gender | | | | | | Technical assistance provided in Kyrgyzstan. Data from FAST records |
|-----------------------|----------------------|---|-----------------------------|------|------|------|----------------|--|
| 4.1.1-15 | Technical assistance | Number of days of USG-supported technical assistance in fiscal policy and fiscal administration provided to counterparts and stakeholders | 650 | 800 | 800 | 800 | 3,050 | |
| | | | 695 | 0 | 0 | 0 | 695 | |
| 4.2.1-20 | | Number of days of USG-supported technical assistance in trade and investment enabling environment provided to counterparts and stakeholders | 20 | 200 | 200 | 200 | 620 | |
| | | | 0 | 0 | 0 | 0 | 0 | |
| Custom FAST Indictors | | | | | | | | |
| No. | Category | Indicator | Fiscal Year | | | | Comment | |
| | | | 2021 | 2022 | 2023 | 2024 | Sum | |
| A-1 | Training | Person hours of training in fiscal policy and fiscal administration supported by USG assistance, by gender | 200 | 600 | 600 | 600 | 2,000 | Support to USAID capacity and knowledge and USAID/OOU and Missions. Data from FAST records. |
| | | | 224 (61% F) ² | 0 | 0 | 0 | 224 (61% F) | |
| A-2 | | Person hours of training in trade and investment enabling environment supported by USG assistance, by gender | 50 | 50 | 50 | 50 | 200 | |
| | | | 0 | 0 | 0 | 0 | 0 | |

² Estimate in some cases, since participant gender was not usually registered by the event holder

| | | | | | | | | |
|--------------------|----------------------|---|------------------|--------|--------|--------|-------------|--|
| A-3 | Assessment | Number of days of USG supported technical assistance in conducting fiscal policy and fiscal administration assessments | 800 | 800 | 800 | 800 | 3,200 | Technical assistance provided in various partner countries. |
| | | | 901 ³ | 0 | 0 | 0 | 901 | Data from FAST records |
| A-4 | | Number of days of USG supported technical assistance in trade and investment enabling environment assessments | 350 | 500 | 500 | 500 | 1,850 | Technical assistance provided in Kenya. Data from FAST records |
| | | | 554 | 0 | 0 | 0 | 554 | |
| A-5 | Knowledge management | Number of analytical tools, research, or best practice notes produced with USG support | 4 | 4 | 4 | 4 | 16 | Data from FAST records |
| | | | 4 | 0 | 0 | 0 | 4 | |
| FAST country-level | | | | | | | | |
| | | | FY2021 | FY2022 | FY2023 | FY2025 | CUMMULATIVE | Notes |
| C-I.1 | County – Kyrgyzstan | Number of new procedures or tools adopted by procurement entities to improve public procurement due to USAID assistance | 0 | 8 | 0 | 0 | 8 | Counterpart records/project records |
| | | | 0 | na | na | na | na | |
| C-I.2 | Country - Kyrgyzstan | Number of business practices changed to reflect the accurate procurement reporting measured annually since baseline | 0 | 10 | 0 | 0 | 10 | Counterpart records |
| | | | 0 | na | na | na | Na | |

³ Indicator A-3 includes all assessments conducted by FAST excluding the specific assessments conducted in Kyrgyzstan.

Appendix 2 – Status of all FAST deliverables

| Number | Deliverable | Task | Original due date | Updated due date | Status |
|--------|------------------------|---------------------------------|-------------------|------------------|---------------------------|
| 1 | Quarterly report 1 | 1 Core management | 1/31/2020 | 1/31/2020 | Approved |
| 2 | Quarterly report 2 | 1 Core management | 3/30/2020 | 3/30/2020 | Approved |
| 3 | Quarterly report 3 | 1 Core management | 7/30/2020 | 7/30/2020 | Approved |
| 4 | First annual report | 1 Core management | 10/30/2020 | 9/30/2020 | Approved |
| 5 | Y2 FAST Work Plan | 1 Core management | 8/15/2020 | 8/15/2020 | Approved |
| 6 | Quarterly Report Y2Q1 | 1 Core Management | 02/26/2021 | 02/26/2021 | Approved |
| 7 | Quarterly Report Y2Q2 | 1 Core Management | 04/30/2021 | 04/30/2021 | Approved |
| 8 | Quarterly Report Y2Q3 | 1 Core Management | 7/30/2021 | 7/30/2021 | Approved |
| 9 | Second annual report | 1 Core Management | 10/30/2021 | | |
| 10 | MEL Plan | 1 Core management | | 3/15/2021 | Approved |
| 11 | Y3 FAST Work Plan | 1 Core Management | 8/15/2021 | 8/30/2021 | Approved |
| 12 | Initial presentation | 2 Revenue ef. study | 1/31/2020 | 2/5/2020 | Approved |
| 13 | Final report | 2 Revenue ef. study | 4/1/2020 | -- | Cancelled |
| 14 | Training report 1 | 3 DRM training | 5/1/2020 | 3/31/2020 | Approved |
| 15 | Training report 2 | 3 DRM training | TBD | TBD | Not due |
| 16 | Philippines assessment | 4 PFM for PES | 3/31/2020 | canceled | Cancelled |
| 17 | Colombia assessment | 4 PFM for PES | TBD | TBD | Not due |
| 18 | Peru assessment | 4 PFM for PES | 6/30/2020 | TBD | COVID delays |
| 19 | DR assessment | 4 PFM for PES | 9/30/2020 | 10/31/2021 | Delivered. Under revision |
| 20 | Global report | 4 PFM for PES | 9/30/2020 | TBD | COVID delays |
| 21 | Final report - Sudan | 5 PFM Sudan | upon delivery | 1/8/2021 | Approved |
| 22 | Scoping Study Report | 6 Procurement reform Kyrgyzstan | 12/30/2020 | 12/10/2020 | Approved |

| Number | Deliverable | Task | Original due date | Updated due date | Status |
|--------|--|---------------------------------|-------------------|------------------|----------------------|
| 23 | Work Plan | 6 Procurement reform Kyrgyzstan | 12/31/2020 | 12/31/2020 | Approved |
| 24 | AMEL Plan | 6 Procurement reform Kyrgyzstan | 1/30/2021 | 6/30/2021 | Approved |
| 25 | Strategic Communication Plan | 6 Procurement reform Kyrgyzstan | 1/30/2021 | 1/30/2021 | Approved |
| 26 | FY21:Q1 progress report | 6 Procurement reform Kyrgyzstan | 1/30/2021 | 1/30/2021 | Approved |
| 27 | FY21:Q2 progress report | 6 Procurement reform Kyrgyzstan | 4/30/2021 | 4/30/2021 | Approved |
| 28 | FY21:Q3 progress report | 6 Procurement reform Kyrgyzstan | 7/30/2021 | 7/30/2021 | Submitted |
| 29 | First annual report | 6 Procurement reform Kyrgyzstan | 10/30/2021 | 10/30/2021 | In preparation |
| 30 | FY22:Q1 progress report | 6 Procurement reform Kyrgyzstan | 1/30/2022 | 1/30/2022 | Not due |
| 31 | FY22:Q2 progress report | 6 Procurement reform Kyrgyzstan | 4/30/2022 | 4/30/2022 | Not due |
| 32 | FY22:Q3 progress report | 6 Procurement reform Kyrgyzstan | 7/30/2022 | 7/30/2022 | Not due |
| 33 | UNCITRAL Report | 6 Procurement reform Kyrgyzstan | 1/30/2021 | 7/30/2021 | Approved |
| 34 | TPPR Report | 6 Procurement reform Kyrgyzstan | 1/30/2021 | 7/30/2021 | Approved |
| 35 | MAPS Report | 6 Procurement reform Kyrgyzstan | 1/30/2021 | 8/15/2021 | Submitted |
| 36 | Medium Term Public Procurement Strategy | 6 Procurement reform Kyrgyzstan | 6/30/2021 | 8/30/2021 | Delayed. In progress |
| 37 | Report on International Best Practices for Centralized Procurement | 6 Procurement reform Kyrgyzstan | 9/30/2021 | 9/30/2021 | Approved |
| 38 | E-procurement Technical Assistance Roadmap | 6 Procurement reform Kyrgyzstan | 3/30/2021 | 11/15/2021 | Delayed. In progress |
| 39 | Capacity Building and Training Plan | 6 Procurement reform Kyrgyzstan | 3/30/2021 | 4/30/2021 | Approved |
| 40 | CSOs Engagement Strategy | 6 Procurement reform Kyrgyzstan | 6/30/2021 | 11/30/2021 | In progress |

| Number | Deliverable | Task | Original due date | Updated due date | Status |
|--------|------------------------------|---------------------------------|-------------------|------------------|----------------------|
| 41 | Training Completion Report 1 | 6 Procurement reform Kyrgyzstan | 3/30/2021 | 5/20/2021 | Approved |
| 42 | Training Completion Report 2 | 6 Procurement reform Kyrgyzstan | 6/30/2021 | 10/30/2021 | Delayed. In progress |
| 43 | Training Completion Report 3 | 6 Procurement reform Kyrgyzstan | 9/30/2021 | TBD | Not due |
| 44 | Training Completion Report 4 | 6 Procurement reform Kyrgyzstan | 12/30/2021 | TBD | Not due |
| 45 | Training Completion Report 5 | 6 Procurement reform Kyrgyzstan | 3/30/2022 | TBD | Not due |
| 46 | Training Completion Report 6 | 6 Procurement reform Kyrgyzstan | 6/30/2022 | TBD | Not due |
| 47 | Final report - Kyrgyzstan | 6 Procurement reform Kyrgyzstan | 9/30/2022 | 9/30/2022 | Not due |
| 48 | Final report - Bangladesh | 7 Tax Benchmarking Assessment | 10/30/2020 | 12/30/2020 | Approved |
| 49 | Update 1 on FSR tracker | 8 FSR tracker | 10/30/2020 | 10/26/2020 | Approved |
| 50 | Update 2 on FSR tracker | 8 FSR tracker | 1/30/2021 | 1/30/2021 | Approved |
| 51 | Kenya inception report | 9 Kenya TCB | 12/24/2020 | 12/24/2020 | Approved |
| 52 | Kenya draft report | 9 Kenya TCB | 2/28/2021 | 05/10/2021 | Approved |
| 53 | Kenya - TCB Final Report | 9 Kenya TCB | 3/31/2021 | 5/30/2021 | Approved |
| 54 | Report Outline | 10 Tax Reform Primer | 05/30/2021 | 05/30/2021 | Approved |
| 55 | Tax Reform Primer | 10 Tax Reform Primer | 05/30/2021 | 05/30/2021 | Delivered |
| 56 | Report Outline | 11 Public Debt Primer | 07/12/2021 | 07/12/2021 | Delivered |
| 57 | Public Debt Primer | 11 Public Debt Primer | 07/12/2021 | 11/30/2021 | Delayed. In progress |
| 58 | Work plan | 13 Fragile States | 5/15/2021 | 5/17/2021 | Delivered |
| 59 | Outlines for country studies | 13 Fragile States | 5/15/2021 | 5/17/2021 | Delivered |
| 60 | Summary of research report | 13 Fragile States | 11/15/2021 | 11/15/2021 | Not due |

| Number | Deliverable | Task | Original due date | Updated due date | Status |
|--------|------------------------------|----------------------------|-------------------|------------------|---|
| 61 | Final report | 13 Fragile States | 11/20/2021 | 11/21/2021 | Not due |
| 62 | Work plan | 14 Civil Service Reform | 5/15/2021 | 5/30/2021 | Accepted by AM - COR need not approve |
| 63 | Report outline | 14 Civil Service Reform | 6/15/2021 | 6/16/2021 | Accepted by AM - COR need not approve |
| 64 | Final report | 14 Civil Service Reform | 9/30/2021 | 10/15/2021 | Not due |
| 65 | Summary report | 14 Civil Service Reform | 9/30/2021 | 10/15/2021 | Not due |
| 66 | Webinar (may be requested) | 14 Civil Service Reform | tbd | tbd | Not due |
| 67 | Concept and methods | 15 Debt Transparency Index | 6/15/2021 | 6/15/2021 | Submitted and being revised based on new information |
| 68 | DTI database, visualizations | 15 Debt Transparency Index | 9/10/2021 | 9/10/2021 | Submitted and being redone to include new information |
| 69 | Third Annual Work Plan | 1 Core management | 9/30/2021 | 9/30/2021 | Approved |
| 70 | Third Annual Financial Plan | 1 Core management | 9/30/2021 | 9/30/2021 | Approved |